

You should consider the investment objectives, risks, and charges and expenses of the variable product and its underlying fund options, or mutual funds offered through a retirement plan, carefully before investing. The prospectuses/ prospectus summaries/information booklets contain this and other information, and can be obtained by contacting your local representative. Please read the prospectuses carefully before investing.



This information is provided for your education only by ING Financial Advisers, LLC (member SIPC).

Your Kids

Kids these days. They just don't seem to understand the value of a buck.

Money. It's a subject fraught with peril and it's frequently emotionally charged, especially within families. It can be a mysterious commodity, particularly for younger family members who don't really understand the relationship between Mom and Dad's trotting off to work every day and the roof over their heads. It can also be the root of tremendous friction between parents and children. *Why can't I have that new, mechanized, automated, voice-activated action figure? Why can't I have a car the minute I turn sixteen?*

With proper direction and guidance, children can easily learn financial responsibility, and wise parents can use money matters to help children learn patience, planning, direction setting... even mathematics and computer skills.

Allowance: The First Paycheck

Remember the comforting "clink" of your spare pennies as they clattered into your piggy bank?

For most of us, an allowance was our first step into the grown-up world of buying and selling... and saving. Given that Americans today save less than any other industrialized nation¹, a sound financial grounding at an early age is critical for our children.

By age two, children know what they want. "I want" might mean a candy bar in the grocery checkout line, a new doll, or a train, and parents find themselves in the position of keepers of the purse strings.

As they get older, children begin to understand that money is what they need to buy the stuff they want. That's the time to start paying

With proper direction and guidance, children can easily learn financial responsibility.

¹ National Cooperative Bank, www.ncb.com/homepage/marnotes.nsf/docadd/october1999.html



Continued from pg. 1

For most of us,
an allowance
was our first
step into the
grown-up world
of buying and
selling... and
saving.

an allowance. How you pay it, and how much of it you pay, will require some thought and discussion.

Do you believe that an allowance is a right as a family member, or that it should be tied to specific chores and duties? If you do connect an allowance with chores, be prepared for the days when Johnny would rather *not* clean up his room and *not* collect. Put expectations in writing.

Will you provide your child with opportunities to earn extra money around the house – above and beyond what you pay for an allowance and how you tie it to

the performance of chores –

to help save for a

larger purchase
or goal?

What expenses will your child be expected to pay using his or her allowance? What expenses will you continue to pay?

How much will you pay? While a dollar for each year of age is a frequently followed rule-of-thumb, also consider just what your child will be expected to purchase with his allowance, what his friends are getting – and your fellow parents are paying for – and where you live (a chocolate bar in Manhattan costs more than the same confection in Idaho). Make sure the allowance is big enough to encourage your child to save at least ten percent of it.

What will the ground rules be? How will you monitor your child's money habits while at the same time encouraging independent and responsible decisions?

When and how will you pay the allowance? Set a specific time of week and stick to it. Your child needs to depend on her allowance the same way you depend on your own paycheck. Try to pay the allowance in separate bills or coins – making it easy for your child to plan and budget for specific savings and spending goals.



The Three S's: What money means to your kids

Children have three uses for money: Spending it, saving it, and sharing it.

Spending. Make sure your child clearly understands what she'll be expected to buy herself. If those stick-on earrings she's so fond of will now be her responsibility, she needs to know it. And, if you don't happen to like the particular earrings she chooses, try not to object – encouraging her to be responsible for her own purchases also encourages her independent thought and decision-making processes. Advise her that purchasing the earrings might mean that she won't have enough for the coloring book she wants, but try not to insist. Respect that you've given her a certain amount of fiscal independence and that you won't always like how she chooses to exercise it.

Saving. Saving is a lesson you can begin to teach as soon as your child is old enough to understand the concept of money (which is when you should begin allowance payment). The ground rules of your allowance-paying should require that your child set aside a portion of his allowance for future goals – but make sure that those goals are meaningful to your child.

Going to college might not provide any incentive to your eight-year-old, but a flashy new bike like his best friend's might be a

The Experts Say...

Don't equate money with love²

Don't tie money to grades³

Actions speak louder than words in forming good habits about money⁴

Never use money as punishment or reward⁵

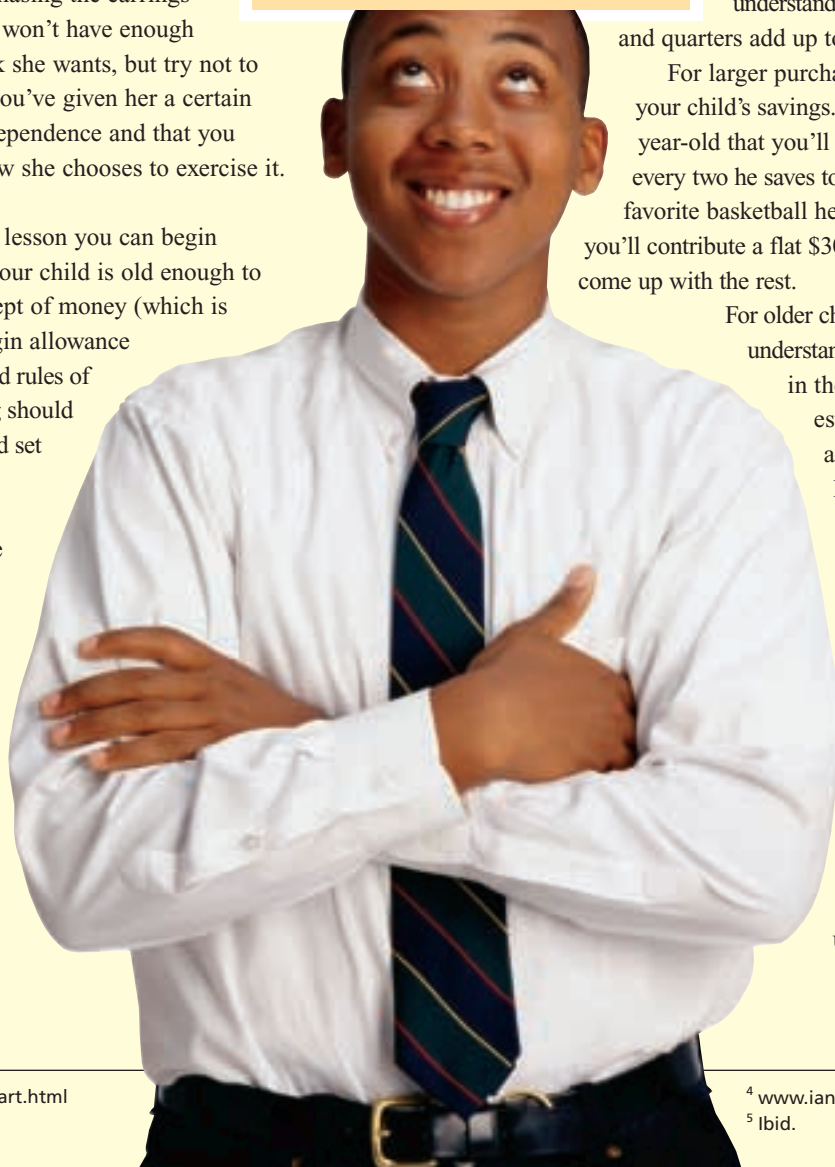
powerful reason to save. For younger children, make saving visible, fun and physical. A large jar with a picture of your child's target purchase taped on it, or a brightly colored piggy bank in the shape of your child's favorite cartoon character should provide tactile and satisfying saving mechanisms for younger children.

As your child adds to her savings, measure her progress. You can make a game out of counting and recording her funds. Use the experience to teach younger children to recognize various coins and help older children understand how pennies, nickels, dimes

and quarters add up to dollars.

For larger purchases, consider matching your child's savings. You could tell your twelve-year-old that you'll contribute a dollar for every two he saves toward the new sneakers his favorite basketball hero is promoting, or that you'll contribute a flat \$30 and leave it to him to come up with the rest.

For older children – old enough to understand the concept of “money in the bank” and simple interest – consider a savings account at your local bank. Many banks have “kids accounts,” with simple recordkeeping that makes it easy for your child to track his account. Make an event out of trips to the bank to foster your child's sense of pride in making his own deposits – and use the experience as a valuable introduction to the concept that money can also be used to make more money.



² prodigy.com/kidsmoney/allart.html

³ Ibid.

⁴ www.ianr.unl.edu/pubs/HomeMgt/g164.htm

⁵ Ibid.



Spending, saving and sharing – concepts you can teach your children at an early age

Continued from pg. 3

Sharing. Sharing, to a child, is another important use for money. Children can be selfish, but they can also be surprisingly generous. Encouraging your child's generous impulses helps teach her that money can be used to help others. Consider helping your child contribute to charities that help less fortunate children or to the collection plate at church. Involve her in purchase decisions – and responsibilities – for her friends' birthday parties.

Well in advance, consult her about upcoming family events or present-requiring holidays, and establish gift-giving goals and saving plans. Using her own money to help others, or to bring a smile to Grandma's face with a bunch of flowers, will be an important growth opportunity for your child. Think about allowing your children to contribute to shared family purchases or goals, such as a vacation, new television or game.

Spending, saving and sharing – all are concepts you can teach your children at an early age and expand upon as they grow. Start simply, with reasonable expectations and goals.

Investing: Early lessons in advanced concepts

Even your eight-year-old is old enough for basic investment lessons.

Stocks, bonds and mutual funds can be explained in terms of owning, borrowing and sharing.

Stocks can be illustrated in terms of companies your child can easily identify with – i.e., Burger King, Mattel, and M&M Mars. Explain that such companies have many, many owners, and that owning a share of stock in them makes you, or your child, an owner. Follow the stock prices of your chosen companies in the paper, and draw up simple graphs to illustrate rises and drops in the price. If you yourself own stock, you and your child may be able to participate in the company's Dividend Reinvestment Plan, which will allow additional stock purchases or partial purchases.

Bonds. By the time your child is old enough to understand the concept of borrowing, she'll be ready for simple lessons in bonds. An advance on her allowance is like a bond. An IOU is like a bond. Her savings account can be explained as similar to

a bond – with your child as the lender. She “loans” her money to the bank, and the bank pays her interest in return. If you advance her \$10 on her allowance, draw up a certificate and individual coupons for each of her repayments. With every dollar of principal she repays, give her a coupon – when she has all ten, her debt is over and the “bond” is repaid.

Mutual funds, especially those with initial investment requirements of as little as \$100 to \$500, offer your child another investment opportunity and can also be easily tracked and graphed using only your imagination and the newspaper (or, of course, your computer). While the concept of a mutual fund might seem a bit difficult for your child to grasp, he surely understands the concept of sharing (whether he practices it or not). Mutual funds represent lots of people sharing stocks and bonds... just like he's supposed to share the VCR with his brothers and sisters. The whole family owns it. It's there to benefit everyone, not just one family member. With a mutual fund, everybody shares stocks and bonds.

Older Kids: Cars, college and clothes

We want to give our kids everything we might have missed growing up – and yet we also want to teach them responsibility and independence. We want to help our children and smooth life's path for them – yet we also need to teach them to fend for themselves. In financial matters, finding a balance can be especially difficult.

Cars. Your sixteen-year-old desperately wants a car. You want to make her happy. Time for a lesson in responsibility. Give her the car, if you can afford it, or help her pay for it. But make sure she understands that having a car means ongoing expenses: Gas, maintenance, and insurance. If she's old enough for a car, she's old enough for a job to maintain it. Or, if she's old enough for a car but you want her to concentrate on her schoolwork, have a long heart-to-heart about how you'll help her with the expenses, but she'll be expected to keep her grades up. (A note of caution: Almost universally, experts recommend that you *not* equate money with grades.) There's no clear road map here, but make sure you set goals and expectations – and that your child understands that she has definite responsibilities.

College. Going to college probably didn't mean much to your child when you began his allowance at age four. While it's a goal you've probably had for him since your little bundle of joy first arrived home, it will take time for your child to appreciate the value of higher education. As he advances through his teens, his financial contribution to his own future should also increase – though with a healthy balance between education and more immediate goals.

Explain whether or not you'll expect your child

to put up a portion of his tuition expenses, find and qualify for a scholarship, pay for his own books, or just his own personal expenses. Make sure your child understands that higher education is a bargain between you and him. Your teenager might appreciate, in theory, that going to college will help him in the long run, but he may also *really, really have to have* – right now – that new stereo or those designer jeans.

Clothes. They're critically important to teenagers, though you may not be able to understand just why *that one* sweater is the only acceptable sweater. Your child, who operates under a social code that often seems as if it was written on another planet, will have definite reasons why *that* sweater is completely essential to her *entire* life. An honors student, an all-star athlete, employee-of-the-month at the local store, an all-around-great-kid, and she'll *absolutely die* without that particular sweater. So, while the loving parent in you wants to buy the darn sweater, the responsible parent in you will find a way for her to get it for herself. Starting small and early, with clearly defined responsibilities, you can use clothing to enhance your lessons about spending, saving and goal setting. When Johnny starts delivering papers, he becomes responsible for buying his own socks and mittens. When he moves on to bagging at the grocery store, he becomes responsible for his own jeans and T-shirts. Or, as Sandy's allowance increases, her responsibility for her own social wardrobe also increases. The rules and responsibilities may vary according to your own family situation, but the lessons will be the same.

College Money – *In Whose Name?*

Your Child's

- You'll save on taxes – your child may qualify for lower rates
- Financial aid formulas count one-third of your child's money as available for each school year
- Don't put college money in your child's name unless you're pretty sure you won't qualify for financial aid⁶

Yours

- You'll pay taxes at your own rate
- Financial aid formulas will only count about six percent of your assets as available to pay for college bills each school year



⁶ www.dailyparent.com/source/article/1222.html

Children Learn by Example...



Your example: The most important lesson

Take a long, hard look at how your family handles financial matters. Is money a frequent bone of contention between you and your spouse? If so, how do you resolve your differences? What purchasing standards do you set for your own spending? Do you buy on impulse, or only after a careful canvassing of *Consumer Reports*? Are you a spender or a saver? Do you save for your children's education, but not your own retirement? Have you stopped speaking to your brother because Mom left him the house?

Of course, money is only one of many factors affecting family dynamics. The good news is that family financial guidelines are relatively easy to implement. All it takes is some creativity, clear communication and careful planning. Good luck!

At a very early age, your children will start to take their cues from you about money management, just like everything else.

Recordkeeping for Kids

Start with a simple, multiple-section notebook... and as your child ages, you can use recordkeeping as an introduction to basic spreadsheet use! With younger children, you can expect to do most of the recordkeeping work, but involve Sarah in the accounting exercise. As her skills grow, allow her to take part in tracking her own finances. She probably won't understand the activity when you start, but you'll be setting a valuable example about financial responsibility... and making it fun for your child.



Section One: Accounting

Set up columns for the following categories to describe the flow of money:

- **How much**
- **From whom**
- **For what**
- **When**
- **Total**

Try using different colors of ink or crayons to distinguish payments, saving and spending.

Example:

Sarah's Money Book

How Much	From Whom	For What	When	Total
+\$5.00	Mom and Dad	Allowance	1/1/04	\$5.00
-\$2.00	Sarah	Saving	1/1/04	\$3.00
-\$0.50	Sarah	Candy Bar	1/3/04	\$2.50
-\$1.00	Sarah	Comic Book	1/5/04	\$1.50
+\$5.00	Mom and Dad	Allowance	1/8/04	\$6.50
-\$2.00	Sarah	Saving	1/8/04	\$4.50
+\$50.00	Grandma Sue	Birthday Present	1/10/04	\$54.50
-\$25.00	Sarah	Saving	1/10/04	\$29.50
-\$20.00	Sarah	Cinderella Costume	1/15/04	\$9.50
-\$5.00	Sarah	Spiderman Action Figure	1/17/04	\$4.50





Section Two: Saving

Use this section to record your child’s savings... whether in a piggy bank, real bank, mason jar or shoebox. For younger children, the notebook can be more fun and interactive than a savings passbook. *If she’s younger, think about giving Sarah a sticker to paste on the page whenever she makes a deposit.*



Section Three: Goals

Use this section to record your child’s goals... a bike, a birthday present for Grandma Sue, a new Chutes and Ladders Game... how much they’ll cost and whatever arrangements you may have made with Sarah for payment. Sarah can brighten up the pages with catalog cut-outs or drawings of her goals.

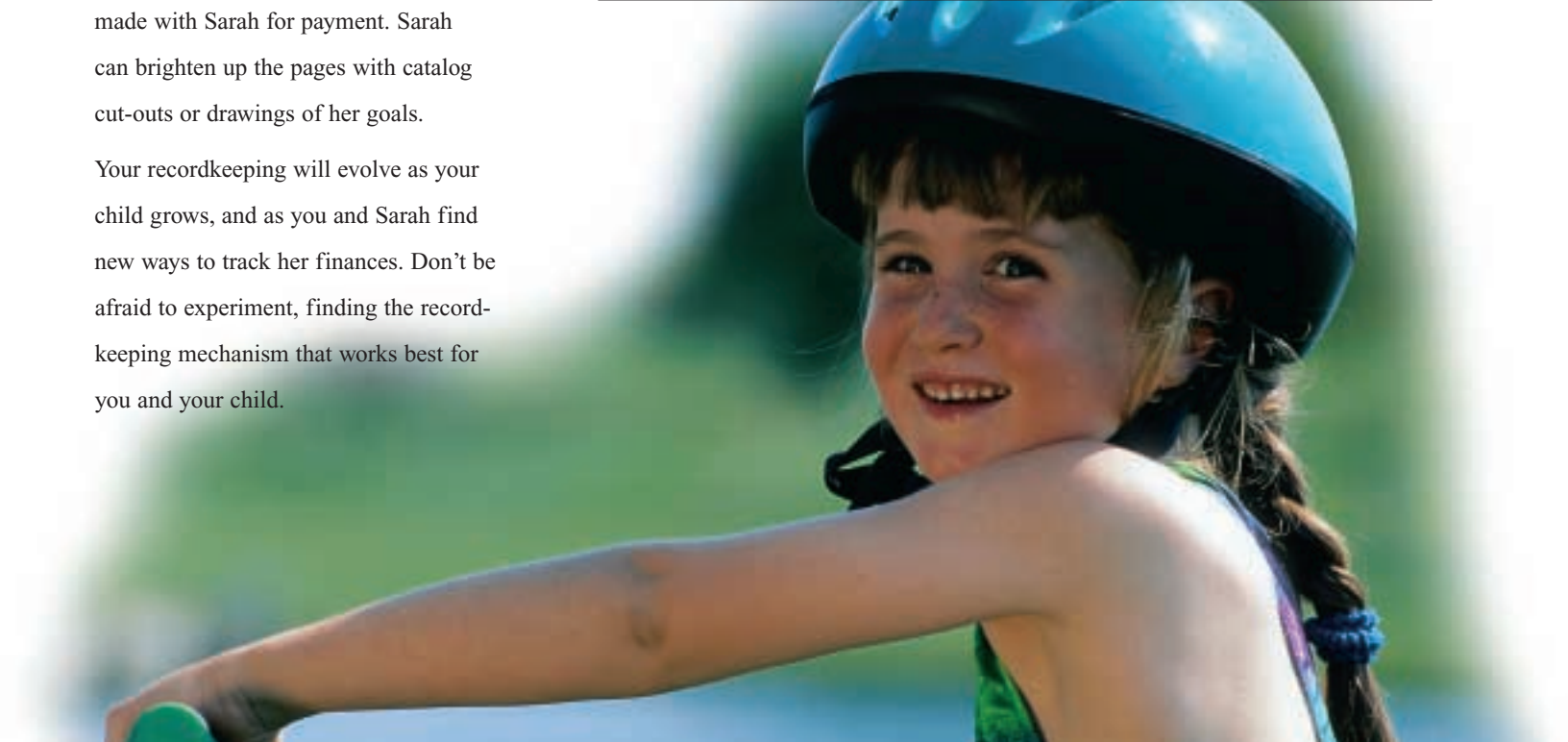
Your recordkeeping will evolve as your child grows, and as you and Sarah find new ways to track her finances. Don’t be afraid to experiment, finding the record-keeping mechanism that works best for you and your child.

Example:

Sarah’s Savings				
How Much	From Where	When	Total	
+\$2	Allowance	1/1/04	\$2	◆
+\$2	Allowance	1/8/04	\$4	★
+\$25	Grandma Sue’s Birthday Present	1/10/04	\$29	▲
-\$23	Bike	1/11/04	\$6	●

Example:

Sarah Wants a	It Will Cost	On (date) Sarah has	Mom and Dad Will Pay	Sarah Still Needs to Save
Bike	\$65	1/1/04–\$2	\$40	\$23
		1/8/04–\$4		\$21
		1/10/04–\$29		Sarah gets her bike!



Kid's Contracts

If you expect Matt to work for his allowance, make sure he knows that he's expected to perform for it. Do what you'd do when establishing a payment relationship with an adult: Draw up a "contract." As your

children age and their wants grow more expensive, use the "contract" to make sure that they understand what you expect from them.

Examples:

Matt Collins is seven years old. Mom and Dad will pay him an allowance of \$10 every week if he:

- Makes his bed every morning
- Clears the table after dinner every night
- Puts his dirty clothes in the hamper
- Puts away his toys when he's done playing with them

Every week, Matt will save \$2 of his allowance in his piggy bank.

Happy 17th Birthday, Valerie!

Your new car is waiting in the driveway. It's your favorite color — red! We've bought the car for you because we love you and know how much you want it... and we want to make you happy. We also know how responsible you are, and trust that you'll always wear your seat belt and drive safely!

Because we're so proud of the way you've played field hockey and kept your grades up, we're also paying the insurance for your new car. All you'll have to pay for is gas; you'll have to use your yard-work money for that.

Love, Mom and Dad

Justin's Clothes Contract

Every semester, Mom and Dad will supply:

- Three pairs of jeans
- One pair of shoes
- Four sweatshirts
- Two pairs of sneakers
- Six sweaters
- Eight T-shirts

If Justin wants other clothes, he'll use his salary from his job at Pizza Loft to pay for them.



Financial Development Timeline

Approximate Age

<2

Children can find, pick up – and often taste or chew on – small objects. Don't leave loose change lying around where your child can find it.

Remember that coins can choke small children. Make a game

of teaching children to deposit all coins in appropriate receptacles, such as piggy banks, and to identify different coins.

2–3

Children begin to recognize that money can be used to get the stuff they want. Think about allowing your child to physically pass money to cashiers in exchange for goods.

3–4

Give your child an allowance, and start to teach the value of saving. Set small, realistic savings goals.

8–10

You can send your child to the grocery store with a list and money – he'll be able to buy the items on your list and calculate change. He can tabulate a restaurant bill and figure out the tip.⁷

9–11

Your child can understand interest and how it works.⁸

11–13

A child should be able to write out a check stub, and balance a checkbook.⁹

Remember that children mature at different rates. Don't expect your own child to neatly slide into a financial development stage any more than you'd expect her to recognize the letter "A" at precisely 26 months!

⁷ "A Penny Saved," Neale S. Godfrey, Simon & Schuster, 1995, p. 72

⁸ Ibid.

⁹ Ibid.

THE ING COMPANIES

FINANCIAL SOLUTIONS FOR TODAY'S WORLD

*Retirement Plans • Mutual Funds • Annuities • Insurance
Direct Banking • Financial Planning • Asset Management*

www.ing.com/us

This information is not intended to be considered tax or investment advice. It is provided, for your education only, by ING Financial Advisers, LLC (member NASD/SIPC). For more information about the ING companies, please contact your local ING office or representative or visit us at www.ing.com/us.

© 2004 ING North America Insurance Corporation

C03-0930-025 (10/03)

Suggested Reading

- *A Penny Saved*, Neale S. Godfrey, Simon & Schuster, 1995
- *Money Doesn't Grow on Trees: A Parent's Guide to Raising Financially Responsible Children*, Neale S. Godfrey, Simon & Schuster, 1994
- *Kiplinger's Money Smart Kids (And Parents, Too)*, Janet Bodnar, Kiplinger Books, 1993

Internet Resources

- *Kids Money*, www.kidsmoney.org
- "...a fun place for children to learn about money and banking," www.kidsbank.com
- *Free Scholarship Search*, www.fastweb.com
- *Financial education for your high-schooler*, www.2020green.com
- *Children Today*, www.childrentoday.com/resources/articles/finances.htm

The above links are provided for your information only. ING does not endorse nor accept any responsibility for the content, products and/or services provided at non-ING sites. Some information contained in the ING site is provided by third parties. We do not independently verify this information nor do we guarantee its accuracy or completeness.

